

CALIFORNIA ENERGY COMMISSION
REPORT OF CONVERSATION Page 1 of 1



**Systems Assessment and
Facilities Siting Division**

FILE: 06-AFC-2

PROJECT TITLE: Highgrove Project

<input checked="" type="checkbox"/> Telephone	651-8853	<input type="checkbox"/> Meeting Location: Telephone and email	
NAME:	Robert Worl	DATE: 13 March 2007	TIME:
WITH:	Julie Way		
SUBJECT:	Project Cost Estimates: Confusion in the AFC for Highgrove		

COMMENTS: Julie Way In response to inquiries about the cost estimates in the AFC which appear to exclude the costs of turbines, HRSGs, and other major equipment:

Hello Bob:

Thanks very much for bringing this issue to our attention. John Carrier and I have reviewed Section 8.8 and in particular, the reference in 8.8.4.3.4, which currently reads as follows:

8.8.4.3.4 Impacts to the Local Economy and Employment

The cost of materials and supplies (excluding the combustion turbine generators, heat recovery steam generators, and most other large equipment) required by the project is estimated at \$180 million to \$220 million (in 2005 dollars). The estimated value of materials and supplies that will be purchased locally during construction is \$4 million to \$8 million.

The first sentence should instead read as follows:

8.8.4.3.4 Impacts to the Local Economy and Employment

The cost of materials and supplies (~~excluding the combustion turbine generators, heat recovery steam generators, and most other large equipment~~) required by the project is estimated at approximately \$180 million ~~to \$220 million~~ (in 2005 dollars). The estimated value of materials and supplies that will be purchased locally during construction is \$4 million to \$8 million.

In addition to deleting the parenthetical qualifier, which was incorrect, I also deleted the upper end of the cost range because a portion of the all-in capital costs of the project are for costs other than materials and supplies (i.e., financing, development expenses, services, etc..) John and I skimmed through other parts of Section 8.8, and noted that other references within the section do indicate that the \$180-\$200 million figure represents an 'all-in' capital cost. It may also be worth noting that since costs have risen since the AFC was prepared, the benefits reflected in this section represent conservative estimates.

Please let me know if additional information or clarification is needed.

Regards, Julie Way

DOCKET	
06-AFC-2	
DATE	MAR 13 2007
RECD.	MAR 13 2007

cc Will Walters, Joseph Diamond, Ph. D.	Robert Worl <i>Robert Worl</i>
	<i>13 March 2007</i>

PROOF OF SERVICE / REVISED 8/2/06) FILED WITH
ORIGINAL MAILED FROM SACRAMENTO ON 3-13-07

**BEFORE THE ENERGY RESOURCES CONSERVATION AND DEVELOPMENT COMMISSION OF THE
STATE OF CALIFORNIA**

**APPLICATION FOR CERTIFICATION
FOR THE AES HIGHGROVE
POWER PLANT PROJECT**

**Docket No. 06-AFC-2
PROOF OF SERVICE
(Established 8/2/06)**

INSTRUCTIONS: All parties shall 1) send an original signed document plus 12 copies OR 2) mail one original signed copy AND e-mail the document to the web address below, AND 3) all parties shall also send a printed OR electronic copy of the documents that shall include a proof of service declaration to each of the individuals on the proof of service:

**CALIFORNIA ENERGY COMMISSION
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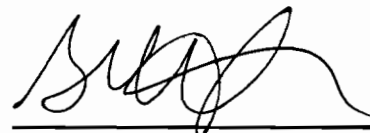
DECLARATION OF SERVICE

I, Geoff Carter, declare that on March 13, 2007, I deposited copies of the attached Report of Conversation: Project Cost Estimates: Confusion in the AFC for Highgrove, in the United States mail at Sacramento, CA with first-class postage thereon fully prepaid and addressed to those identified on the Proof of Service list above.

OR

Transmission via electronic mail was consistent with the requirements of California Code of Regulations, title 20, sections 1209, 1209.5, and 1210. All electronic copies were sent to all those identified on the Proof of Service list above.

I declare under penalty of perjury that the foregoing is true and correct.



[signature]